

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Application of Pacific Gas and Electric
Company (U 39-E) for Approval of the Retirement of
Diablo Canyon Power Plant, Implementation
of the Joint Proposal, And Recovery of
Associated Costs Through Proposed
Ratemaking Mechanisms

Application 16-08-006
(Filed August 11, 2016)

**PROTEST
OF THE
WORLD BUSINESS ACADEMY**

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September 15, 2016

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PROTEST OF THE WORLD BUSINESS ACADEMY

In accordance with the provisions of Rule 1.4 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the World Business Academy hereby protests certain aspects of the Application of Pacific Gas & Electric Company ("PG&E") to implement the Joint Proposal for the shutdown of the Diablo Canyon Power Plant ("Diablo Canyon").

I. THE ACADEMY'S INTEREST IN THIS PROCEEDING

The World Business Academy ("Academy") is a public benefit corporation that has no direct economic interest in the outcome of this proceeding. The Academy formally began investigating the various issues associated with energy infrastructure in 1995, which it followed with a book (*Profiles in Power*) on the subject in 1997, and a lengthy well-researched and footnoted chapter on the subject in its book (*Freedom fm Mid-East Oil*) published in 2007. In addition to those two books, the Academy has published more than a dozen articles on the subject of energy up to the present time in various journals both domestically and abroad, including the

American Bar Association journal.

The Academy has sought to use its business expertise and its prominent network of Fellows to educate and thereby encourage businesses to understand the connection between environmentally and socially responsible business practices and a renewed and expanded economy. For example, through its free public monthly radio show (*New Paradigms in Business*, a commentary on business and society) and monthly newsletter (*Currents In Commerce*), the Academy analyzes and advocates "best business practices" with respect to energy sources and use, educating business about the strengths and weaknesses of each form of energy, the appropriate mix of energy sources, the benefits and drawbacks of various sources of energy supply, and the externalized costs of different energy sources.

The main purpose of the Academy's intervention in this proceeding is to help the Commission find the optimal path forward to realize California's aggressive clean energy goals, including achieving or surpassing the current 50% renewable portfolio standard by 2030, as well as the achievement of the SB 32's (Statutes of 2016, Chapter 249) newly adopted goal for the reduction of all anthropogenic greenhouse gas ("GHG") emissions by at least 40 percent below the current statewide greenhouse gas emissions limit by no later than December 31, 2030.

The Commission should be aware that on August 2, 2016, the Academy, along with the Immaculate Heart of Mary Community, filed suit against the California State Lands Commission ("SLC") in Los Angeles County Superior Court (Docket # BS163811) based on the SLC's failure to require an environmental review under the California Environmental Quality Act ("CEQA") in connection with its June 28, 2016 approval of PG&E's Application to the SLC for General Lease – Right-of-Way Use and a General Lease – Industrial Use, and an application for a new General Lease – Industrial Use, for a cooling water discharge channel, water intake structure, breakwaters,

and associated infrastructure at Diablo Canyon.

The Academy is confident that it will ultimately prevail in this CEQA lawsuit, which will, at least until the SLC fully complies with CEQA, require PG&E to shut down Diablo Canyon after the expiration in 2018 and 2019, respectively, of the previous Leases for Diablo Canyon cooling water-related equipment and structures (Lease Nos. PRC 4307.1 and PRC 4449.1) that PG&E had received from the SLC in 1969. Although this Commission has no authority over this CEQA issue, the resolution of this CEQA issue in the Academy's favor will have a serious and direct impact on the ability of PG&E to provide replacement power after Diablo Canyon is shut down -- much earlier than is proposed in the instant Application -- exclusively using energy efficiency and GHG-free resources, as is proposed in the Joint Proposal that is the underlying basis for said Application.

The fact that the Academy has filed this CEQA lawsuit that could have a direct and serious impact on PG&E's ability to operate Diablo Canyon after 2019 -- more than five years ahead of the plant's scheduled shutdown under the Joint Proposal -- makes the Academy an indispensable party to this proceeding. Moreover, the Academy's interests are not represented by any other party to this proceeding, and its participation in the proceeding will be directly relevant to the issues raised by PG&E's Application.

II. PROTEST

The Academy does not protest many elements of the Joint Proposal. Indeed, the Academy applauds and supports PG&E's decision not to seek to re-license Diablo Canyon, as well the Employment Program in Section 3 of the Joint Proposal and the community support elements set forth in Section 4 of the Joint Proposal. As to PG&E's cost recovery proposals in Section 5 of the Joint Proposal, the Academy takes no position on them at this time.

The focus of the Academy's Protest is Section 2 of the Joint proposal, specifically, Tranches # 1 and 2 of that Section, which provide:

"Tranche #1: This tranche includes one or more competitive solicitations and potentially new utility programs to add 2,000 gross GWh of energy efficiency to be installed by the end of 2024. This tranche is intended to reduce load with a GHG-free resource before Diablo Canyon retires.

"Tranche #2: This tranche includes a competitive solicitation for 2,000 GWh of GHG-free energy for delivery in 2025-2030. Energy efficiency and RPS energy resources, as well as other GHG-free energy resources, will compete to fill this opportunity " (PG&E Application, at p. 9).

As are the Parties to the Joint Proposal, the Academy is fully committed to supporting policies that result in replacing the output of Diablo Canyon with GHG-free resources. However, the Academy diverges from said Parties on the issue of the **time needed** to develop those replacement resources. The Academy will collaborate with other interested parties to demonstrate to the Commission's satisfaction in this proceeding that **all** of the GHG-free resources needed to replace the needed output of Diablo Canyon can be procured, installed and available on-line by no later than December 31, 2020, and that many of those resources can be procured, installed and available on-line by much sooner than that -- *i.e.*, in the 2018-2019 time frame -- such that Unit 1 of Diablo Canyon can and should be permanently shut down by the end of 2019 and Unit 2 can and should be permanently shut down by the end of 2020.

Tranche 1 is clearly "low hanging fruit" and should be pursued immediately. With regard to Tranche 2, PG&E's testimony states that "[t]he Tranche #2 RFO is to be issued no later than June 1, 2020."¹ While the phrase "no later than" implies a possible earlier start date, there is no reason why RFO procurement efforts for these resources should not commence concurrently with the Tranche 1 energy efficiency program. Moreover, PG&E should prioritize the expedited

¹ [PG&E Testimony](#), Chap. 5, p. 5-2.

development of distributed renewable resources within communities affected by the closure of Diablo Canyon, and PG&E should be mandated to initiate this effort as soon as possible.

Following the Commission's approval of whatever transition program is ultimately developed under this proceeding, PG&E should launch outreach campaigns in every community currently relying on energy produced by Diablo Canyon to determine how best to develop local environmentally superior resources for generation close to load and to facilitate, to the maximum degree possible, the financing and interconnection of those resources to the local distribution grid. Such efforts should particularly focus on utilizing governmental, educational and commercial/industrial spaces that offer large, flat rooftops and open parking spaces that can host up to one megawatt of solar generation.

With regard to energy storage, PGE's Testimony states that "Energy storage, by itself, is not a source of energy and therefore is not eligible for Tranche #2 procurement unless combined with another resource providing GHG-free energy or energy savings."² The Academy agrees that energy storage is a service, and not a source of energy, but urges the Commission to be flexible when requiring storage to be included with every proposed procurement. For example, while it may be advantageous for large procurements to have on-site storage capabilities, smaller projects may need access to an off-site storage facility under a separate contract. Overall, the primary objective should be to adopt a holistic approach and to approve all contracts that will achieve Tranche 2 objectives as expeditiously as possible.

Finally, to the greatest extent possible, the Commission should adopt similar construction schedules and timelines that are currently being implemented by Southern California Edison in response to the Aliso Canyon gas shortage. Given the state's GHG reduction targets and the

² [PG&E Testimony](#), Chap. 5, p. 5-3.

pending closures of Diablo Canyon and other OTC plants along the coast, such a process should become the standard for the accelerated implementation of distributed resources throughout California. To repeat: going forward, the pace of development implemented in response to the Aliso Canyon gas shortage should be the rule, and not the exception.

The Academy agrees that the Integrated Resource Planning process (*i.e.*, R.16-02-007) would be an optimal forum for developing consensus on how best to develop and integrate local resources to replace the output of Diablo Canyon. The Academy would also suggest that these issues are relevant to the multi-agency workshops currently being conducted on developing roadmaps for the commercialization of microgrids in California, and the consensus regarding the feasibility of transitioning to distributed energy in a microgrid system that will be developed at these forums should be incorporated into PG&E's plans for procurement of the replacement energy for Diablo Canyon. In this regard, the Academy would note that the procurement and installation of such distributed resources will take dramatically less time than for traditional, large, utility-scale resources.

The Academy will accordingly urge the Commission to require PG&E to implement such an accelerated schedule for the procurement and installation of GHG-free resources, as well as an accelerated schedule for the shutdown of Diablo Canyon. The Academy is of the view that hearings may be required to resolve this issue, which is directly related to Issue 1 at pages 16-18 of the instant Application.

III. DIABLO CANYON MUST BE SHUT DOWN BY THE EARLIEST POSSIBLE DATE

On page 2, PG&E states:

"This broad coalition of partners with diverse points of view collectively came to a shared vision concerning the best and most responsible path forward for Diablo

Canyon. A key element of this vision is the recognition of the value of carbon-free nuclear power as an important bridge strategy over the next eight to nine years."

This statement erroneously recognizes "the value of carbon-free nuclear power" without in any way mentioning the serious adverse environmental and health impacts that have accumulated over the plant's prior operation and that will continue to accumulate from continued operation of the plant over the proposed extended term. These known and documented adverse impacts include: (i) additional accumulation of radioactive waste (which will likely be located on site indefinitely), accumulated destruction to the surrounding marine environment from once-through cooling and desalination brine discharges, and additional adverse health impacts to surrounding communities from operational plant emissions of radioactive isotopes. An explicit recognition of these adverse impacts should be weighed against the benefits conferred to the lack of a carbon footprint from plant operations when assessing the net benefits associated with the proposed nine-year extended operation of the plant. Should adverse impacts exceed estimated benefits, then all available measures should be taken to develop alternative energy sources in order to close the plant as soon as possible.

IV. OTHER COMMENTS

At page 13 of its Application, PG&E addresses the establishment of a self-provision option for CCA and DA providers that elect to self-provide GHG-free energy resources in lieu of the Tranche #2 component of the Clean Energy Charge. This self-provision option is described in more detail in Chapter 5 of PG&E's Prepared Testimony.

The Academy believes that the requirements and commitments imposed on CCA and DA providers in this provision are unduly burdensome, and that PG&E should instead work collaboratively with CCA/DA providers to identify their renewable energy goals and incorporate

that amount of generation into the Tranche 2 requirement insofar as that energy is used in lieu of power previously generated by the Diablo Canyon Power Plant. This effort should also contemplate the formation of future CCAs and describe a protocol for incorporation of resource development by those entities.

The Academy would also note that the “voluntary” 55% RPS commitment is illusory, as it only exceeds existing mandates by five percent and that renewable contributions from CCAs will likely lead to achieving an RPS target well in excess of PG&E's 55% commitment.

V. NOTICE

Service of notices, orders, and other communications and correspondence in this proceeding should be directed to the Academy's representatives at the addresses set forth below:

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VI. CONCLUSION

For the reasons stated above, the Academy respectfully urges the Commission to dramatically accelerate the procurement activities related to Tranche #'s 1 and 2, as described in Section 2 of the Joint Proposal and in Chapters 4 to 6 of PG&E's Prepared Testimony, such that

Diablo Canyon can and will be permanently shut down by December 31, 2020 at the very latest.

Respectfully submitted,

By: 

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